

Unfair credit practices

Federal Trade Commission (FTC) has proposed a rule to regulate credit practices that are unfair. Under terms of the proposed rule, unfair credit practices would be the following provisions in credit contracts:

- Provision for a creditor to go to court & get a judgment against a consumer without notifying him of the planned court action.

- Provision in which consumer must give up any right to his home & household goods if he stops payment on loan.

- Statement giving creditor right to claim all household goods if loan is not repaid.

- Penalty for consumer making late or extended payments if penalty exceeds the annual percentage interest rate for the loan.

- Security interest provisions that fail to specifically list & identify each item of secured property.

- Assignments of wages.

- Requirement that the consumer must pay the creditor's attorney's fees in the event of default (failing to make payments on the loan).

FTC's proposed rule would also make all consumer credit contracts have provisions that require:

- Consumers to be credited with the fair market value of any property that is taken in payment of a defaulted loan.

- Creditors not to be able to contact any person other than the consumer (or spouse or consumer's attorney) in collecting a debt.

Proposed rule would have other requirements affecting cosigners of loans. Two of the requirements would be:

- Cosigner must receive a statement from the creditor 3 days before the loan agreement is signed; statement must explain cosigner liability.

- Creditor must furnish the cosigner with copies of all documents signed by the cosigner or received by the consumer getting the loan.

FTC plans to hold informal public hearings about its proposed rule. Proposed rule will be published later in *Federal Register* (at which time CONSUMER REGISTER will summarize it), & consumers will have 60 days to submit their comments.

consumer news

DEPARTMENT OF HEALTH, EDUCATION & WELFARE

Office of Consumer Affairs

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Vol. 5, No. 8, April 15, 1975

New tax law: what you should know

Consumers at all income levels will be seeing changes in their personal budget figures as a result of the Tax Reduction Act of 1975 (Public Law 94-12) enacted last month. CONSUMER NEWS has compiled some highlights of the new law; many other points are still open to interpretation & regulations from Internal Revenue Service (IRS). For more details, contact your local IRS office.

REBATES COMING

- Rebate checks (roughly 10% of your 1974 tax liability) will be mailed in May & June.

- Married couples receive rebate equivalent to that of an individual taxpayer (maximum \$200; minimum \$100). Total rebate to married couples has the same maximums & minimums whether they file individual or joint returns.

TAKE-HOME PAY

- Beginning May 1, paychecks probably will be higher. Your employer should withhold less money because you will get several tax breaks when you make out 1975 tax return.

- IRS warns that certain taxpayers may find too little is being withheld from their paychecks. These include (1) working couples in lower income brackets & (2) persons who enter one or more extra exemptions on their withholding declarations. IRS advises that taxpayers should check with employers &, if necessary, change withholding declarations to provide adequately for 1975 taxes.

STANDARD DEDUCTIONS UP FOR '75

- Minimum standard deduction (a low-income allowance to eliminate Federal taxes for poverty-level families) is increased.

- Maximum standard deduction is increased to 16% of adjusted gross income up to \$2,600 on joint return or \$1,300 on an individual return.

- If you itemize deductions, rather than taking standard deduction, you might owe money when you file your 1975 tax return. Treasury Dept. suggests (1) reduce exemptions on your withholding declaration or (2) consider switching from itemized deductions to standard deduction.

\$30 PERSONAL EXEMPTION CREDIT

- On 1975 return, you will be able to subtract \$30—from taxes due—for yourself & each dependent.

LOW-INCOME WORKERS

- If you earn \$4,000 or less, you get "earned income" tax credit of 10% of income. For income over \$4,000 & up to \$8,000, you get tax credit on gradually decreasing scale.

★CHILD CARE DEDUCTION

- Families with joint incomes up to \$35,000 may now deduct full cost of child care (to a maximum of \$4,800); families between \$35,000 & \$44,600 may deduct partial costs.

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Spreading the word

How to save a person who is choking on food is described in a brochure published by Fireman's Fund American Life Insurance Co. According to the company, such choking episodes result each year in an estimated 4,000 deaths.

For free copies—single or bulk—write to Medical Director, Fireman's Fund, P.O. Box 3395, San Francisco, CA 94119.

Consumers Union is planning a report on prosthetic devices worn by women who have had mastectomies. Consumers who have bought & used these devices are asked to share their experiences. Answers to these questions are requested (before April 30):

Type & extent of surgery? Who advised you on purchase of prosthesis? Brand, model & material of prosthesis? Cost? Did you receive guarantee? Was it written or oral? For how long was guarantee good? Have you had to make use of guarantee? How long have you worn prosthesis? What times is it worn? Difficulties in wearing or cleaning it? Are you generally satisfied with it? How could it be improved?

Send replies—which need not be signed—to Consumers Union, Box GJE, 256 Washington St., Mount Vernon, NY 10550.

Free single copies of *A Shopper's Guide to Term Life Insurance* are being offered to consumers by the publishers of *Consumer Newsweek* & *Consumer Contact*. Write to Consumer Insurance Guide, Washington, DC 20045 & enclose a long, stamped, self-addressed envelope.

In cooperation with Society of the Plastics Industry & 25 plastics firms, CONSUMER NEWS is notifying consumers that Federal Trade Commission (FTC) considers that a serious fire hazard may be involved in use of cellular plastics used in building construction & low-density cellular plastics used in furniture.

These products, according to FTC, will — under certain fire conditions — produce rapid flame spread, quick flashover, toxic or flammable gases, dense smoke & intense & immediate heat. Users of any such product should consult manufacturer or the Society (2250 Park Ave., New York, NY 10017) for instructions on how to minimize risks.

Tax law

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- Deductions must be itemized on IRS form #2441. Families must meet special requirements, spelled out in IRS publication #503, *Child Care & Dependent Care*, available at local IRS offices.

NEW HOME TAX CREDIT

- If you buy a new home that meets certain requirements, you get tax credit of 5% of purchase price (to maximum of \$2,000). Law applies to new houses, mobile homes & units in condominiums or cooperative housing projects.

- Among the requirements: Home must be your principal residence. Construction must have begun before March 26, 1975. Purchase must be made between March 13 & Dec. 31, 1975. Purchase price must be lowest price at which home was offered for sale.

- Until IRS rules on certain questions (such as defining "beginning of construction" & clarifying "lowest price offered"), it will be difficult for builders & home-buyers to know precisely which homes are eligible for tax credit.

- Builder must give home-buyer a certificate stating that home is being sold for lowest price at which it has been offered. Taxpayer claiming this credit for 1975 must attach builder's certificate to tax return. Office of Consumer Affairs (OCA) advises: (1) be sure to get certificate from builder; (2) keep in touch with local IRS office to learn when rulings are made on various points in question.

- In some cases, you may not be entitled to 5% on full cost of home—if, for instance, you sold a former principal residence & want to qualify for deferral of taxes on your capital gain.

★TAX DEFERRAL ON SALE OF HOME

- If you sold your principal residence after Dec. 31, 1974, & want to defer paying taxes on your capital gain, you may now wait up to 18 months (rather than 12) before reinvesting your proceeds in a new principal residence. If you are having your own individual home built to your specifications, you may now wait up to 24 months before reinvesting.

SOCIAL SECURITY

- Special \$50 payment will be made to every qualified person receiving monthly payments under Social Security Act, Railroad Retirement Acts or supplemental security income benefits program for aged, blind & disabled.

- Only one \$50 payment to any individual.

PENSION CONTRIBUTION DEDUCTIONS

- If you are self-employed & maintain your own pension plan (qualified under Keogh Act [HR-10]), you may deduct from 1975 taxable income any contributions that you make to the plan between Dec. 31, 1975, & April 15, 1976.

HIRING WELFARE RECIPIENTS

- If you, as an individual taxpayer, hire a Federal welfare recipient for domestic work, you may take a tax credit equal to 20% of the employee's wages (maximum credit \$1,000). For details on requirements & procedures, contact your local welfare agency.

UNEMPLOYMENT COMPENSATION

- If you are an unemployed worker whose 52 weeks of benefits expire before July 1, 1975, you are given an additional 13 weeks of unemployment compensation. For details, contact the local office of your state unemployment division.

[For copy of Public Law 94-12, write to House Document Room, U.S. Capitol, Washington, DC 20515.]

★ This is a permanent change.

Where can your garden grow?

With the growing interest in gardening, Interior Dept.'s Bureau of Outdoor Recreation (BOR) has developed a program of Community Recreational Gardening. The goal is to provide garden plots for consumers who do not have land where they can grow crops for their own use.

In addition, local governments or community organizations often sponsor community gardens by using public or private open lands for individual garden plots. (Sometimes a fee—usually \$10 or less—is charged.) These lands may be abandoned railroad rights-of-way, utility rights-of-way or open space on government property.

BOR has identified many Federal agency programs that relate generally to consumer efforts to initiate or promote recreational community gardening programs. These agencies usually deal with state & local governments. For more information, ask your local city or county government about Federal gardening assistance that may be available in your area. Further details are available from Cooperative Regulatory Divisions, Bureau of Outdoor Recreation, Washington, DC 20240.

Seed law helps gardeners

If you are planting a vegetable garden this spring, you should know that the Federal Seed Act guarantees that the crop you plant is the crop that will grow in your garden. The seed act is a truth-in-lending law that says that every seed packet must be accurately labeled, telling the consumer exactly what kind of seed is packed inside.

After you've planted, it's sensible to save every seed packet, with a few leftover seeds inside. Here's why: There have been cases where seeds are accidentally packed in the wrong envelopes. If that should happen to you, you can utilize government offices to help protect other gardeners.

If your vegetable patch produces a crop not indicated on the seed packet, write to your state department of agriculture, in the state capital. A state seed inspector will probably visit you, to check your plants—and the packet & leftover seeds if you still have them. He will work with the Agriculture Dept. to find out why you got the wrong kind of seed. If an entire lot has been mislabeled, the state will issue a "stop sale order" so the mislabeled seeds will not be sold to other consumers.

If a consumer sustains a serious financial loss because of such mislabeling, he might consider writing to the seed company to seek compensation. An example of "serious loss" might be a truck gardener who cannot find a market for the vegetable produced by the mislabeled seed.

Supreme Court says . . .

In recent decisions of special interest to consumers, the Supreme Court took the following action:

- Ruled that it is unconstitutional for the Federal Government to grant Social Security benefits to the widow of a deceased worker with children while withholding such benefits from a widower in the same situation. The court held that the Social Security law denying death benefits to widowers represented sex discrimination against women workers because it produced less protection for their families than for the families of men workers. *Weinberger v. Wiesenfeld*, Case #73-1892)

More on Metric

The prospect that the U.S. will go metric [CONSUMER NEWS: Jan. 15] is being explored in a number of current conferences:

- American National Metric Council's first annual conference—"Managing the Change to Metric"—was held March 17-19 in Washington, DC. Participants examined metric experiences of Britain, Canada, Australia & South Africa & also discussed problems that metrification in the U.S. may pose for industry, consumers & educational institutions.

Reports on the conference appear in the April 4 issue of *Metric Reporter*, the council's newsletter. For a single free copy, write to Information Services, American National Metric Council, 1625 Massachusetts Ave., NW, Washington, DC 20036.

- An industrial metric education conference—"SI Metrics for Industry, the Worker & the Consumer"—will meet April 20-22, at Appalachian State University, Boone, NC, under the sponsorship of the university. For information, write to Dr. Thomas L. Rokoske, Department of Physics, Appalachian State University, Boone, NC 28608; or call (704) 262-3091.

- National Bureau of Standards (NBS) will hold a metric education conference—"Successful Experiences in Teaching Metric"—in Gaithersburg, MD, May 20-21. The meeting, which will be open to the public, is being sponsored by American National Metric Council, National Education Association, U.S. Metric Association & Office of Education (OE), in cooperation with the National Council of Teacher of Mathematics.

The conference will highlight reports from classroom teachers, administrators & teacher trainers. NBS will later publish the conference proceedings.

For more information, write Metric Information Office, National Bureau of Standards, Washington, DC 20234; or call (301) 921-2658.

Energy tips

- Never use an open pot or pan for boiling water. Water heated in a covered pan or tea kettle comes to a boil more rapidly—and requires less energy.

- Iron low temperature fabrics first. This will save energy by reducing the warm-up time needed to iron linens & other fabrics requiring higher iron temperatures.

- Buy slightly less than a full tank of gasoline to prevent overflow—and waste of fuel.

Now it's a law

The following highlights of new Federal laws of significance to consumers are selected & summarized by CONSUMER NEWS. Single copies of these laws are available from Senate Document Room, U.S. Capitol, Washington, DC 20510; refer to each public law number.

PRIVACY ACT (Public Law 93-579)—intended to safeguard individuals from misuse of Federal records.

- Gives individuals right of access to information on file about them & right to have inaccurate data corrected. (Exceptions: law enforcement files & other sensitive records.)

- Sets up a commission to study additional ways to protect individual's privacy. (Commission to submit recommendations within 2 years.)

- Provides for fines up to \$5,000 for violations by Federal employees & also authorizes damage suits.

- Restricts use of Social Security numbers for identification & prohibits Federal agencies from selling their mailing lists unless authorized by law.

REAL ESTATE SETTLEMENT PROCEDURES ACT (P.L. 93-533) (becomes effective June 1975)—designed to protect home buyers who use federally-backed mortgages.

- Provides that mortgage lenders must notify prospective home buyers of expected closing costs at least 12 days before final settlement.

- Prohibits kickbacks paid by title companies or lawyers to real estate brokers for referring home buyers to them.

- Requires Housing & Urban Development Dept. (HUD) to prepare a publication explaining settlement costs; & requires lenders to give the publication to people applying for home loans.

- Requires HUD to develop a standard form for reporting closing costs.

- Limits amount of money which lenders may require borrowers to pay into an escrow account held for paying real estate taxes or insurance.

ANTITRUST PROCEDURES & PENALTIES ACT (P.L. 93-528)—intended to strengthen antitrust laws & enforcement of them.

- Changes certain antitrust violations of the Sherman Act—such as price fixing—from misdemeanors to felonies; increases maximum sentence from one year to 3 years; & raises maximum fines from \$50,000 to \$100,000 for individuals & from \$50,000 to \$1 million for corporations.

- Permits appeals of civil antitrust cases to go directly to Supreme Court only if a district court judge certifies that the case is of national economic importance.

- Opens to closer public scrutiny the procedures used by Justice Dept. to settle the government's civil antitrust cases. Justice would have to publish a "competitive impact statement" for every proposed consent decree—explaining effect of proposed settlement on competition, prices & supplies—and would have to seek public comment on each proposal.

SAFE DRINKING WATER ACT (P.L. 93-523)—intended to increase protection of public's health.

- Directs Environmental Protection Agency (EPA) to establish minimum standards & regulations that will limit contaminants in public drinking water.

- States will have primary responsibility for enforcing standards, but state programs must have EPA approval. [See CONSUMER REGISTER: this issue.]

CONSUMER NEWS is published the 1st & 15th of each month by the Office of Consumer Affairs, Health, Education & Welfare Dept., to report Federal Government programs for consumers. Use of funds for printing this publication approved by the Director of the Office of Management & Budget, June 27, 1973. Authorization to reproduce any or all items is granted. Editorial address is CONSUMER NEWS, Office of Consumer Affairs, Washington, DC 20201 (telephone: 202-245-6877); Ed Riner, Editor; Lee Learner Gray, Managing Editor. Sold by Superintendent of Documents, Government Printing Office, Washington, DC 20402; subscription \$4 a year, payable to "Supt. of Documents." Send address change to Supt. of Documents.

☆ U.S. GOVERNMENT PRINTING OFFICE: 1975-584-714/18
DHEW PUBLICATION NO. (OS) 75-108

DEPARTMENT OF
HEALTH, EDUCATION AND WELFARE
OFFICE OF CONSUMER AFFAIRS
WASHINGTON, D.C. 20201

OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE, \$300

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF H.E.W.
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First Class



Consumer News: April 15

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